

Message Text

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ACTION EUR-12

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SUBJECT: ARTICLE 113 COMMITTEE

REF ROME 13312

1. SUMMARY. THE ARTICLE 113 COMMITTEE WILL AGAIN ON SEPT 19 DISCUSS VARIOUS POTENTIAL US TRADE ACTIONS UNDER THE ANTI-DUMPING, COUNTERVAILING DUTY, ESCAPE CLAUSE, AND OTHER PROVISIONS OF US LAW. IT IS PROBABLY THAT THE ONLY IMMEDIATE DECISION WILL BE TO SEND ANOTHER NOTE TO THE USG REGARDING ANTI-DUMPING. THE ARTICLE 113 COMMITTEE WILL ALSO DISCUSS THE MTNS. END SUMMARY.

2. ACCORDING TO SOURCES IN THE EC COMMISSION AND A MEMBER STATE PERMREP, THE SEPT 12 ARTICLE 113 DEPUTIES MEETING CONSIDERED A PAPER PREPARED BY THE COMMISSION WHICH REVIEWED POTENTIAL US TRADE ACTIONS. THE COMMISSION PAPER, OUR SOURCES SAY, DISCUSSED THESE ACTIONS UNDER FOUR HEADINGS: ANTI-DUMPING; COUNTERVAILING DUTIES; REGULAR SAFEGUARD ACTIONS (INCLUDING LIMITED OFFICIAL USE

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THE ESCAPE CLAUSE PROCEEDING ON SHOES); AND OTHER ACTIONS,

SUCH AS THE SECTION 301 CASE ON EGG ALBUMEN. THE PAPER DOES NOT MAKE RECOMMENDATIONS. IT STATES THE COMMISSION'S IMPRESSION THAT WHAT IS INVOLVED IN THE PROLIFERATION OF SUCH CASES IS NOT SO MUCH ADMINISTRATION DESIRES, BUT US INDUSTRIES AND UNIONS GETTING OUT OF HAND. THE PAPER IN CONCLUSION SIMPLY STATES THAT "ALL OF THIS IS BUILDING UP TO A LEVEL OF MAGNITUDE WHICH JUSTIFIES SERIOUS DISCUSSION".

3. THE SEPT 12 MEETING WAS NOT IN ANY WAY CONCLUSIVE. (ONE ARGUMENT FOR LEAVING THE MATTER FOR FURTHER CONSIDERATION WAS THAT HIJZEN WOULD BE BACK BY SEPT 19 AND ABLE TO GIVE MEMBER STATE REPRESENTATIVES THE LATEST INFORMATION ON THE SITUATION IN WASHINGTON.) THE STRONGEST LINE TAKEN IN THE SEPT 12 MEETING WAS BY THE FRENCH WHO DESCRIBED WHAT WAS GOING ON AS "INSUFFERABLE", CRITICIZED THE COMMISSION FOR ITS "WEAKNESS", AND ARGUED STRONGLY THAT THERE WAS A CONSCIOUS USG PURPOSE BEHIND THE SERIES OF CASES. THE COMMISSION AND OTHER MEMBER STATES TENDED TO ADOPT A MORE AGNOSTIC VIEW.

4. THE COMMISSION PAPER IS NOT IN ITSELF A NOTE AND IT IS NOT EVEN CERTAIN THAT ANY FORMAL WRITTEN COMMUNICATION WILL RESULT FROM THE DISCUSSION IN THE ARTICLE 113 COMMITTEE. BOTH OUR COMMISSION AND PERMREP SOURCES BELIEVE, HOWEVER, THAT IT WILL BE AGREED TO SEND THE US A NOTE LIMITED TO THE SUBJECT OF ANTI-DUMPING. THIS NOTE IS LIKELY TO REITERATE THE COMMUNITY VIEW THAT THE US ACTIONS ARE INCONSISTENT WITH THE US'S OBLIGATIONS UNDER THE ANTI-DUMPING CODE. THE FRENCH, HOWEVER, WOULD PREFER AN OMNIBUS NOTE COVERING ALL OF THE CASES IN QUESTION. IN ANY CASE, A WRITTEN EXPRESSION OF COMMUNITY VIEWS CAN BE DISPATCHED ONLY AFTER CONSIDERABLE HAGGLING OVER VERBIAGE, AND IT IS UNLIKELY THAT THE ARTICLE 113 COMMITTEE WILL TAKE FINAL ACTION ON A TEXT ON SEPT 19.

5. OUR COMMISSION SOURCE ASSURED US THAT THE COMMISSION TAKES A STRONG INTEREST IN THE ESCAPE CLAUSE PROCEEDINGS ON SHOES. WHILE ITALY IS THE MAIN COMMUNITY COUNTRY AFFECTED, THE COMMISSION EMPHASIZES THAT SHOES ARE ONE OF THE EC'S MAIN EXPORTS TO THE US. FURTHERMORE, THE COMMISSION CONSISTENTLY TAKES THE LINE THAT ACTIONS AFFECTING ONE MEMBER STATE HAVE TO BE DEALT WITH AS A COMMUNITY PROBLEM. AS NOTED ABOVE, THE SHOE LIMITED OFFICIAL USE

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CASE IS COVERED IN THE COMMISSION PAPER.

6. THE OTHER MAIN SUBJECT FOR THE SEPT 19 ARTICLE 113 COMMITTEE MEETING WILL BE THE MTNS, AND PARTICULARLY THE HANDLING OF AGRICULTURE IN THE NEGOTIATIONS. THE DISCUSSION WILL BE BASED ON A REPORT BY HIJZEN OF HIS CONVERSATIONS THIS WEEK IN WASHINGTON.

7. COMMENT. MEMBER STATES OBVIOUSLY ARE MOVED BOTH BY CONSIDERATION

OF THEIR OWN INTERESTS AND BY FEARS THAT IF THEY DO NOT STICK TOGETHER THEY MAY HANG SEPARATELY. WE HEAR THAT THE BRITISH GOVERNMENT INSTRUCTED THE BRITISH PERMREP TO APPROACH THE DUTCH AND THE DANES AND URGE THEM TO BE MODERATE IN THEIR POSITION ON CANNED HAMS. THE BRITISH GOVERNMENT ARGUMENT WAS THAT THE UK HAS LITTLE INTEREST IN HAM EXPORTS TO THE US, AND THAT A TOUGH COMMUNITY POSITION ON THAT SUBJECT COULD IMPERIL BRITISH EXPORTS. THE BRITISH PERMREP RESPONDED THAT IF IT WERE TO FOLLOW THESE INSTRUCTIONS IT MIGHT JEOPARDIZE SUPPORT BY OTHER MEMBER STATES FOR THE UK WHEN BRITISH PRODUCTS WERE IN JEOPARDY. THIS ARGUMENT WAS ACCEPTED BY THE BRITISH GOVERNMENT. WE SUSPECT THAT A SIMILAR DIALOGUE, WITH SIMILAR CONCLUSIONS, IS GOING ON WITHIN OTHER MEMBER STATE GOVERNMENTS. GREENWALD

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